

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE BILL 1461

AN ACT

AMENDING SECTION 41-1292, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3006.22, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3016.01; AMENDING TITLE 42, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-2077; REPEALING SECTION 42-5039, ARIZONA REVISED STATUTES; AMENDING SECTION 42-11054, ARIZONA REVISED STATUTES; RELATING TO THE DEPARTMENT OF REVENUE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 41-1292, Arizona Revised Statutes, is amended to
3 read:

4 41-1292. Joint legislative oversight committee on property tax
5 assessment and appeals

6 A. The joint legislative oversight committee on property tax
7 assessment and appeals is established to monitor and evaluate the system of
8 assessment and appeals of property tax assessments established by title 42.
9 The committee consists of:

10 1. Six legislators, three each appointed by the president of the
11 senate and the speaker of the house of representatives, including the
12 chairmen of the senate finance committee and the house of representatives
13 ways and means committee who shall serve as ~~cochairmen~~ COCHAIRPERSONS of the
14 oversight committee. No more than two members from each house may be members
15 of the same political party.

16 2. Two county assessors, one each appointed by the president of the
17 senate and the speaker of the house of representatives.

18 3. Two county treasurers, one each appointed by the president of the
19 senate and the speaker of the house of representatives.

20 4. Four public members, who may include property tax practitioners,
21 accountants and members of the state bar of Arizona, two each appointed by
22 the president of the senate and the speaker of the house of representatives.

23 5. The director of the department of revenue, or the director's
24 designee.

25 B. Members of the committee are not eligible to receive compensation
26 for services or for reimbursement of expenses. The legislature shall provide
27 staff support and meeting accommodations for the committee. Members serve at
28 the pleasure of the appointing officer and, in the case of elected officials,
29 until their elective term of office expires.

30 C. The committee shall:

31 1. Meet periodically to review the procedures and administrative
32 structure for tax assessments and appeals and identify any areas of
33 ambiguity, problems and needed changes and improvements.

34 2. MEET AS NECESSARY ON THE CALL OF EITHER COCHAIRPERSON TO REVIEW AND
35 COMMENT ON THE PROPOSED ADOPTION, AMENDMENT OR MODIFICATION OF DEPARTMENT OF
36 REVENUE GUIDELINES, TABLES AND MANUALS AS PROVIDED BY SECTION 42-11054,
37 SUBSECTION B.

38 D. The committee may recommend legislation for consideration by the
39 legislature.

40 E. Each county assessor shall keep a record of the following
41 information to report to the oversight committee:

42 1. The date the assessment notices are mailed to property owners.

43 2. The date and number of appeals filed by class of property and the
44 basis of the appeals, categorized by valuation method.

1 3. The number of assessor meetings requested, number of meetings held
2 and the dates and results of the meetings.

3 4. The number of written appeals without a meeting being requested,
4 the dates they were received and the outcome of the appeals with the
5 assessor.

6 **E.** F. The state and county board of equalization shall keep a record,
7 for the purpose of reporting to the oversight committee, of the number of
8 appeals, the dates received, the parties attending and the outcome of each
9 appeal by type of property.

10 Sec. 2. Repeal

11 Section 41-3006.22, Arizona Revised Statutes, is repealed.

12 Sec. 3. Title 41, chapter 27, article 2, Arizona Revised Statutes, is
13 amended by adding section 41-3016.01, to read:

14 41-3016.01. Department of revenue; termination July 1, 2016

15 A. THE DEPARTMENT OF REVENUE TERMINATES ON JULY 1, 2016.

16 B. TITLE 42, CHAPTER 1, ARTICLE 1 IS REPEALED ON JANUARY 1, 2017.

17 Sec. 4. Title 42, chapter 2, article 2, Arizona Revised Statutes, is
18 amended by adding section 42-2077, to read:

19 42-2077. New interpretation or application of law; affirmative
20 defense; definition

21 A. UNLESS EXPRESSLY AUTHORIZED BY LAW, THE DEPARTMENT SHALL NOT APPLY
22 ANY NEWLY ENACTED LAW RETROACTIVELY OR IN A MANNER THAT WILL PENALIZE A
23 TAXPAYER FOR COMPLYING WITH PRIOR LAW.

24 B. IF THE DEPARTMENT ADOPTS A NEW INTERPRETATION OR APPLICATION OF ANY
25 PROVISION OF THIS TITLE OR TITLE 43 OR DETERMINES THAT ANY OF THOSE
26 PROVISIONS APPLIES TO A NEW OR ADDITIONAL CATEGORY OR TYPE OF TAXPAYER, AND
27 THE CHANGE IN INTERPRETATION OR APPLICATION IS NOT DUE TO A CHANGE IN THE
28 LAW:

29 1. THE CHANGE IN INTERPRETATION OR APPLICATION APPLIES PROSPECTIVELY
30 UNLESS IT IS FAVORABLE TO TAXPAYERS.

31 2. THE DEPARTMENT SHALL NOT ASSESS ANY TAX, PENALTY OR INTEREST
32 RETROACTIVELY BASED ON THE CHANGE IN INTERPRETATION OR APPLICATION.

33 3. THE CHANGE IS AN AFFIRMATIVE DEFENSE IN ANY ADMINISTRATIVE OR
34 JUDICIAL ACTION FOR RETROACTIVE ASSESSMENT OF TAX, INTEREST AND PENALTIES TO
35 TAXABLE PERIODS BEFORE THE NEW INTERPRETATION OR APPLICATION WAS ADOPTED.

36 C. TAX LIABILITIES, PENALTIES AND INTEREST PAID BEFORE A NEW
37 INTERPRETATION OR APPLICATION OF CHAPTER 5 OF THIS TITLE BY THE DEPARTMENT
38 SHALL NOT BE REFUNDED UNLESS THE TAXPAYER REQUESTING THE REFUND PROVIDES
39 EVIDENCE SATISFACTORY TO THE DEPARTMENT THAT THE AMOUNTS WILL BE REFUNDED TO
40 THE PERSON WHO PAID AN ADDED CHARGE TO COVER THE TAX.

41 D. FOR THE PURPOSES OF THIS SECTION, "NEW INTERPRETATION OR
42 APPLICATION" INCLUDES POLICIES AND PROCEDURES ADOPTED BY ADMINISTRATIVE RULE,
43 TAX RULING, TAX PROCEDURE OR INSTRUCTIONS TO A TAX RETURN.

44 Sec. 5. Repeal

45 Section 42-5039, Arizona Revised Statutes, is repealed.

1 Sec. 6. Section 42-11054, Arizona Revised Statutes, is amended to
2 read:

3 **42-11054. Standard appraisal methods and techniques**

4 A. SUBJECT TO SUBSECTION B OF THIS SECTION, the department shall:

5 1. Prescribe guidelines for applying standard appraisal methods and
6 techniques that shall be used by the department and county assessors in
7 determining the valuation of property.

8 2. Prepare and maintain manuals and other necessary guidelines,
9 consistent with this section, reflecting the standard methods and techniques
10 to perpetuate a current inventory of taxable property and the valuation of
11 that property.

12 B. BEFORE THEY ARE ADOPTED, THE DEPARTMENT SHALL SUBMIT EACH
13 SUBSTANTIVE PROPOSED GUIDELINE, TABLE AND MANUAL THAT IS DEVELOPED, AMENDED
14 OR OTHERWISE MODIFIED FROM AND AFTER DECEMBER 31, 2006 TO THE JOINT
15 LEGISLATIVE OVERSIGHT COMMITTEE ON PROPERTY TAX ASSESSMENT AND APPEALS. THE
16 DEPARTMENT SHALL NOT FINALLY ADOPT, AMEND OR OTHERWISE MODIFY A SUBSTANTIVE
17 GUIDELINE, TABLE OR MANUAL FOR AT LEAST THIRTY DAYS AFTER SUBMITTING THE
18 MEASURE TO THE COMMITTEE. THE COMMITTEE MAY HOLD ONE OR MORE INFORMATIONAL
19 HEARINGS ON THE PROPOSED MEASURE WITHIN THIRTY DAYS AFTER SUBMISSION. IN
20 ADOPTING, AMENDING OR MODIFYING THE MEASURE THE DEPARTMENT SHALL CONSIDER THE
21 COMMITTEE'S COMMENTS. IF THE COMMITTEE FAILS TO HOLD A HEARING WITHIN THIRTY
22 DAYS AFTER SUBMISSION, THE DEPARTMENT MAY ADOPT, AMEND OR MODIFY THE MEASURE
23 WITHOUT FURTHER CONSIDERATION.

24 C. In applying prescribed standard appraisal methods and
25 techniques, current usage shall be included in the formula for reaching a
26 determination of full cash value. If the methods and techniques prescribe
27 using market data as an indication of market value, the price paid for future
28 anticipated property value increments shall be excluded.

29 D. For purposes of determining full cash value the department and
30 county assessors shall use and apply the ratio standard guidelines issued by
31 the department for tax year 1993 in the same manner as they were applied in
32 tax year 1993. This subsection does not apply to property that is valued
33 according to prescribed statutory methods or to property for which values are
34 determined in the year after an appeal pursuant to section 42-16002.

35 Sec. 7. Purpose

36 Pursuant to section 41-2955, subsection B, Arizona Revised Statutes,
37 the legislature continues the department of revenue to efficiently and fairly
38 administer and collect the taxes levied by this state and to determine the
39 valuation of centrally assessed property in this state.

40 Sec. 8. Retroactivity

41 Sections 2 and 3 of this act are effective retroactively to July 1,
42 2006.